



Sandia Corporate Performance Assurance Model Overview



Presentation Topics

- **The New Governance Model**
- **The Role of Assurance**
- **Guiding Principles and Objectives**
- **The Evolving Assurance Model**



New Governance Approach

*Progress Report to Congress on the Organization and Operations
of the NNSA – February, 2002*

“The governance strategy will be accompanied by an assurance model that will rely as much as practicable on third-party, private-sector assurance systems such as comprehensive internal auditing, oversight by boards and external panels, third-party certification, and direct engagement between oversight bodies and NNSA’s leadership.”



Goals for the NNSA Governance Model

National Nuclear Security Administration Strategy for Developing an NNSA Model for Improving Management and Performance

- **Performance Based Management** - ...the Model will, for example, **require NNSA employees, with contractor input, to establish program objectives, goals and metrics.** Contractors will then be given the flexibility to execute programs efficiently and will be held accountable for meeting those objectives, goals, and metrics.
- **Fiscal Efficiency** - ...NNSA and its M&O Contractors must pursue appropriate **quality management methodologies to achieve a higher level of cost efficiency, accountability and responsiveness** to NNSA program needs. The **diversion of funds** to meet increasing DOE operational and administrative requirements has resulted in **fewer funds for performing core missions.**
- **Restructuring Federal and Contractor Oversight** - ...examples include **more efficient and effective internal auditing, oversight by boards and external expert panels, and direct engagement between oversight bodies and senior M&O Contractor management.**
- **Restructure Federal and Contractor Functions** - ...NNSA and its M&O Contractors must commit to **simultaneously realign their workforces as necessary...**



Basic Elements of the New Governance Model

Support mission success of the National Nuclear Security Administration (NNSA) through creation of an NNSA governance model

The DOE/NNSA governance model will:

- Provide clear mission focus and accountability
- Be based on laws, statutes and regulations instead of Headquarters staff's interpretation of those laws and regulations
- Move to private sector standards and “tailored best practices”
- Implement commercial-like assurance and oversight based on direct involvement by nationally-recognized experts
- Clarify lines of authority by realigning authority to be consistent with the above

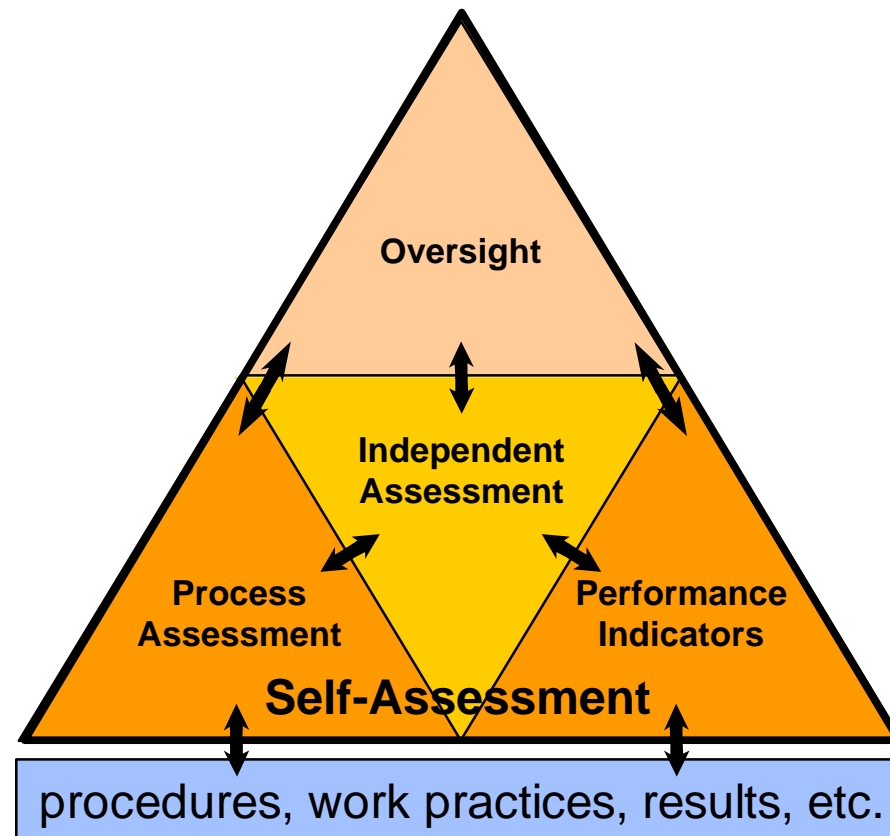


Objectives for the Corporate Assurance Model

- **Sustain the drive toward ‘mission excellence’**
- **Reflect a credible restructuring of the DOE/NNSA oversight approach with appropriate business practices**
- **A supportive partnership with Sandia Executive Management, the Sandia Board of Directors, LMC, DOE/NNSA, and other stakeholders**
- **Assurance is integral to the management processes for the work**
- **A focus on performance, prevention, and continuous improvement through learning and critical self-assessment**
- **Simplicity, clarity, consistency, efficiency, and less duplication**
- **Flexibility to “tailor assurance rigor” to level of risk**



Key Elements of a Systematic Assurance Approach





Complementary Elements of Assurance – Self Assessment

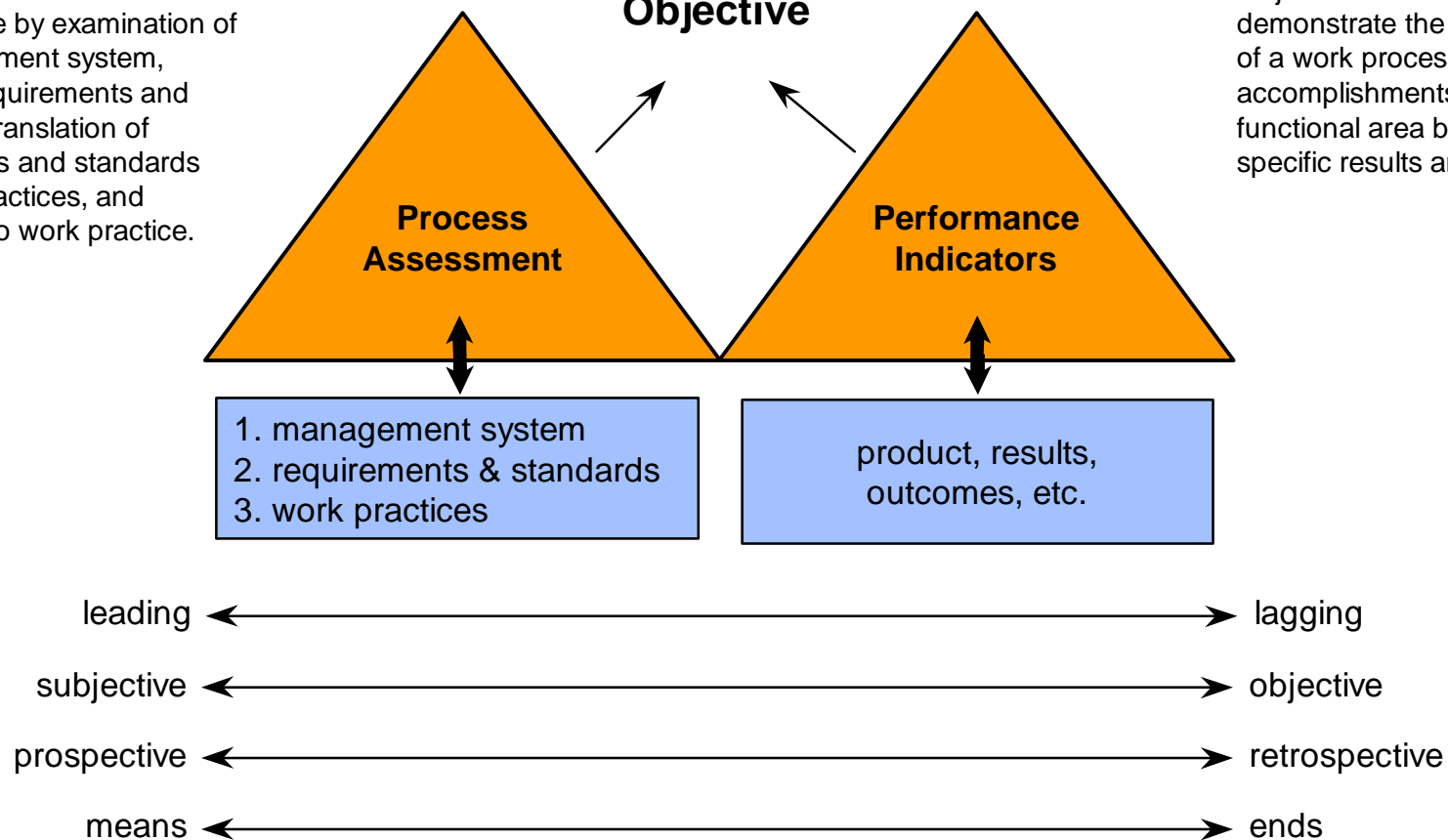
Process Assessment:

Subjective measure of performance by examination of the management system, identified requirements and standards, translation of requirements and standards into work practices, and adherence to work practice.

Performance Objective

Performance Indicators:

Objective measures which demonstrate the effectiveness of a work process or the accomplishments of a functional area by measuring specific results and outcomes.

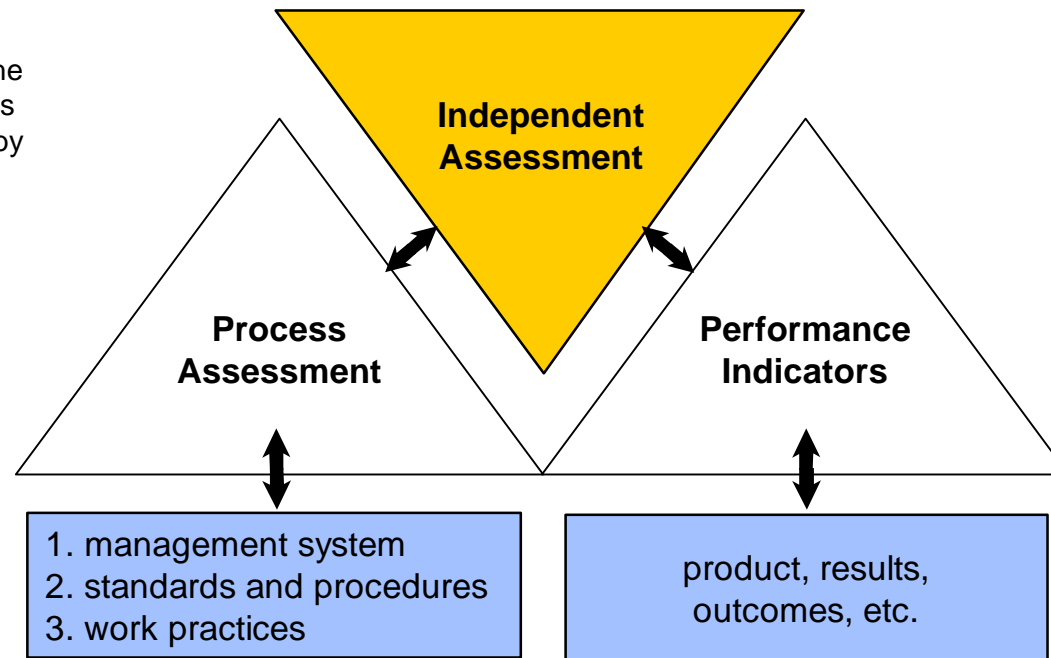




Complementary Elements of Assurance – Independent Assessment

Independent Assessment:

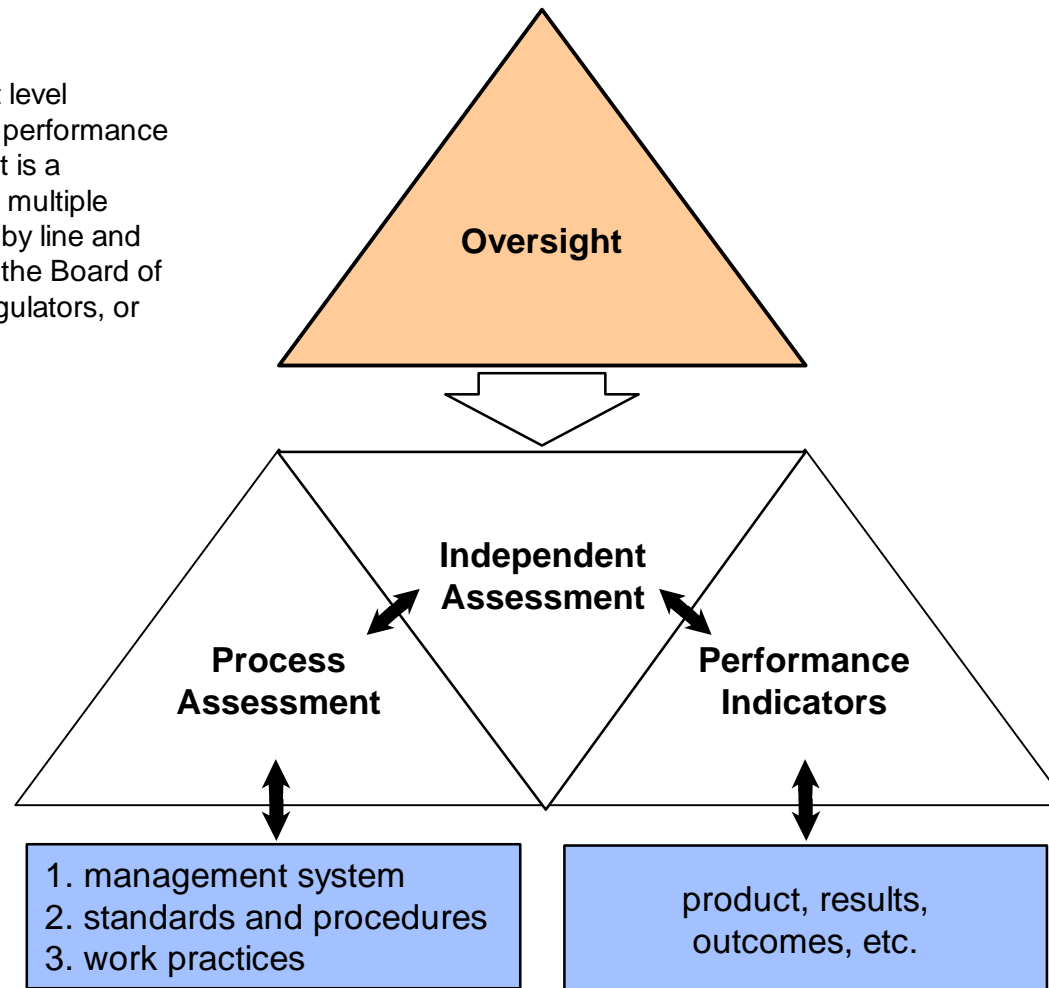
Verification of the integrity, adequacy, and outcome of the self-assessment of processes and performance indicators by an independent internal or external entity.





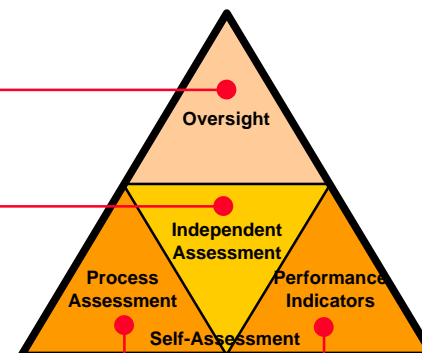
Complementary Elements of Assurance – Oversight

Oversight: The highest level component of an overall performance assessment process that is a synthesis of results from multiple inputs and is conducted by line and executive management, the Board of Directors, customers, regulators, or stakeholders.



Functional Area Assurance Model Summary - *Draft*

Functional Area: Health Services



Core Risk	Risk Category	Topical Area	Oversight	Independent Assessment		Self-Assessment	
				Internal	External	Process Assessment	Performance Indicators
Increased morbidity/mortality due to workplace hazards	ES&H, Mission, Economic	Epidemiology, Beryllium Program, Bloodborne Pathogens, Employee Assistance, EMS, Ergonomics, Foreign Travel, Occupational Health Care, Workers Compensation	Risk Management Oversight Council		Regulatory based audits: Accreditation Association for Ambulatory Health Care	Yes	Yes, in context with Quality Plan
Human subjects are harmed	ES&H, Mission, Economic	Human Studies Board	Sandia BOD	Audit Center	Audit/review from HHS, CCIP certification of IRB chair	Yes	Benchmark with other Institutional Review Boards
Increased morbidity/mortality due to non-occupational factors	ES&H, Mission, Economic	EMS, Health Promotion, Personal Health Care, Disease Management, Sickness Absence, Health Training	Human Resources Vice President		Regulatory based audits: Accreditation Association for Ambulatory Health Care	Yes	Yes, in context with Quality Plan
Impaired employees at work causing insider threat, danger to self or others	ES&H, Mission, Economic, Security	Medical Certification, Medical Surveillance, Occupational Health Care, Substance Abuse	Risk Management Oversight Council		Regulatory based audits: Accreditation Association for Ambulatory Health Care	Yes	Yes, in context with Quality Plan



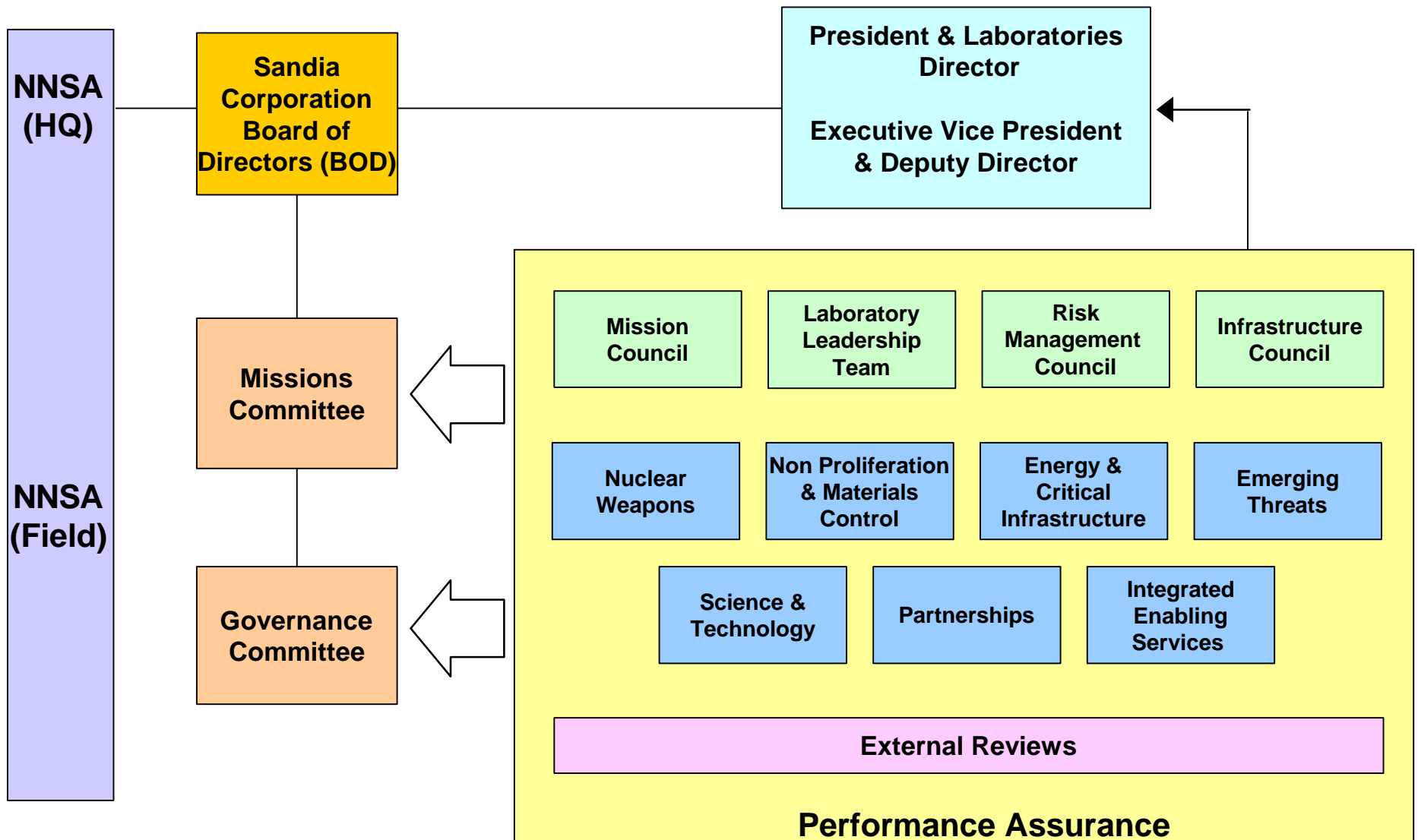
Work Activity Assurance Basis - Examples

Work Activity assurance basis may include:

- external verification, certificates, accreditations, and peer review (e.g., State or Federal Board Certification, ISO9000, Project Management Institute, New Mexico Environmental Department, etc)
- benchmarks against “best industrial practices”
- performance indicators (e.g. metrics, outcomes, customer satisfaction, etc)
- self-assessments and management reviews
- independent internal assessment
- other



Sandia Board of Directors Oversight - 'Notional'





Sandia Board of Directors - DOE/NNSA Assurance Emphasis

- **Sandia Board Chairman and Vice-Chairman “confirm” negotiation of high-level performance objectives with DOE/NNSA**
- **Performance objectives become basis for defining critical success factors, strategic goals and milestones**
- **Board Committees review selected areas of the Laboratory (frequency, topics determined by Committees)**
- **Sandia Executive Management provides Board “Performance Assurance Report” summarizing Laboratory performance**
- **Sandia Board Chairman and Vice-Chairman provides DOE/NNSA Administrator “Performance Assurance Report”**
- **DOE/NNSA provides performance evaluation and feedback to Sandia Board Chairman and Vice-Chairman**



Corporate Assurance Model Near Term Project Milestones

- **Complete an initial corporate Assurance Model (4/30/02)**
- **Appraisal Agreement modifications to support transition of Laboratory Management and Operations and Administration elements from the Appraisal to the Assurance Model (4/30/02)**
- **Delivery of initial assurance report to Sandia Board of Directors covering Laboratory Management and Enabling Services (10/31/02)**
- **Implementation of the full Assurance Model for all major Laboratory activities (10/31/02)**
- **NNSA extend/expand decision on pilot (other sites)**



Laboratory Management System

**Executive
Management**

**SBU/SMUs,
IESO and
Divisions**

